

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
January 16 & 17, 2003**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on January 16, 2003, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present were: Aubrey Davis, Ed Barnes, Elmira Forner, George Kargianis, A. Michèle Maher, Chris Marr and Connie Niva.

OFFICE OF THE SECRETARY REPORT

Commissioner Niva proposed that a letter be sent to the Legislature encouraging it to conduct accountability and performance audits of the Department. Commissioner Niva pointed out that in wake of Referendum 51 it is clear there is a need to address the public's skepticism of the Department's performance. She distributed a draft letter for commissioners to consider. Commissioner Davis commented that the Commission supports performance audits. Commissioner Kargianis commented that performance audits need to be performed by experts in transportation.

Secretary MacDonald provided an overview of his research regarding performance audits. He stated that audits should be conducted by independent experts. Audits should focus on evaluating efficiency and effectiveness. The Revised Code of Washington contains a definition of performance audit that seems closely aligned to practices around the country. The Joint Legislative Audit and Review Committee (JLARC) has adopted a slightly shorter formulation: "A performance audit means an objective program evaluation that identifies recommendations for cost savings and improved performance in state government". The National Association of State Auditors, Comptrollers and Treasurers found that information available for the year 2000 suggests that about 37 states appear to have active efficiency auditing programs. One third of the states are performing audits through something similar to JLARC, one third are performing audits through a state auditor that has been appointed by the Legislature or the governor. Performance auditing also tends to be an on-going program of reviews addressed as specific, discrete topics as opposed to a one-time examination of the entire agency, at least where a complicated and extensive agency is concerned. Washington State's practice follows this course exactly. The practice of periodic auditing on either a regular basis or as particular needs and questions arise, appears to be a universal practice. Secretary MacDonald provided a handout that illustrated best practices in this regard. He stated it is important to consider best practice when envisioning how a performance audit program for transportation should be planned and carried out. Commissioner Forner commented that she feels the Department is too large to be audited as a whole. Audits should be performed in segments. Commissioner Maher asked if there are organizations that currently do performance audits on transportation agencies. Secretary MacDonald responded that the best audits include internal audit performed by staff and firms that have background

in auditing transportation agencies. Commissioner Barnes commented that results of audits previously performed have not been accepted by the Legislature.

It was moved by Commissioner Barnes, and seconded by Commissioner Kargianis to send a letter to the Legislature indicating that the Commission is in favor of performance audits. The motion was approved unanimously.

Commissioner Marr commented that he agrees with the idea of a letter, and agrees that the Legislature should be encouraged to take action on audit recommendations. Commissioner Kargianis commented that he believes interest in audits on the part of the public is at times a rationalization not to spend funds on necessary services. The Legislature should adopt the recommendations of the audits to win public support for funding. Secretary MacDonald pointed out that the Department would devote staff and financial resources to respond to auditor requests for information, but the Department must be cautious with the amount of staff hours spent working on audits so as not to stop work activity.

MOVING FORWARD: PROGRESS ON STRAIGHT TALK AND THE REPORT TO THE GOVERNOR AND LEGISLATURE

Secretary MacDonald provided a report to the Commission regarding the Department's continuing outreach efforts on Straight Talk. He commented about feedback that has been received and how the report is shaping up. He reviewed the proposed capital programs and what's achievable with current revenues. He stated that staff from Urban Corridors would provide a report on Puget Sound projects and the relationship to WSDOT and the Regional Investment Districts programs. Washington State Ferries would also present potential differences between the 5-5-5 plan and the Commission's original Current Law Budget for discussion. Secretary MacDonald distributed a letter that was received from the Evergreen Freedom Foundation regarding prevailing wage rates in the construction trades. In areas like highway construction that are generally covered by the federal Davis Bacon Act as well as by state law, he has neither located nor been referred to any study demonstrating or describing material savings in state highway construction costs in Washington State that would be achieved by repeal of the state prevailing wage law if Davis Bacon were left in place by Congress. Washington State's costs for typical roadway projects are very much in line with comparable projects from other states. Although, very large, complicated projects in which there are significant variations in scope and setting for each project limit the usefulness of state-to-state comparisons. Commissioner Forner commented regarding the difficulties faced by small contractors in rural areas. She stated that small contractors can not compete with prevailing wage law requirements because of the cost of employee benefits.

Secretary MacDonald raised the issue of the Commission working with the Legislature regarding the Department's construction project list. He stated that the budget passed by the Legislature is supported by a document called the Legislative List. This document is a forecast of projects, which the Department and Legislative staff collaborate

together on months in advance. Paula Hammond, Chief of Staff, commented on the discrepancies between highway projects programmed by the Commission and what the Legislature believes it approved. She stated that a third of the highway projects the Commission and Department approved for the 01-03 biennium were different from the projects the Legislature had anticipated in the budget. The problem is as a result of a major communications problem concerning budget preparation practices. The Department's list included 37 projects that were eventually deleted and 25 projects that were added. The other projects representing the "one third difference" were a matter of changes in phasing of the projects. Secretary MacDonald stated that the Department would improve the reporting process to the Legislature in the future. Commissioner Marr commented that the Commission represents the public, but there is a disconnect with the Legislature. It is very important to communicate with all legislators, not just the legislative staff. Commissioner Barnes commented that he appreciates that the Department is working towards better communication with the Legislature. Secretary MacDonald stated that the Legislature feels that the Commission is ignoring it, which is not the case. Commissioner Niva suggested that a letter be sent to the Legislature regarding this misunderstanding. Commissioners approved sending a letter to the Legislature.

Sam Kuntz, Chief Financial Officer, Washington State Ferries, reviewed the Washington State Ferries' (WSF) proposed capital investment plan changes presented to the Commission in December 2002. At that time the WSF indicated the next steps would be to work with labor, conduct public involvement, notify federal agencies, assist and work with county and city leaders, and then move ahead with budget requests and legislative action as appropriate. With the Commission's concurrence the business plan will be prepared and presented to the Commission at the February 2003 meeting for review of the public involvement results, adoption of a new service plan, reaffirm funding commitments and finalize capital and operating budget requests.

Amy Arnis, Manager, Financial Planning Office, and Dave Dye, Coordinator, for Northwest Region and Urban Corridors, reviewed a chart of possible capital investment funding for 2004-2014 with the Commission. Ms. Arnis explained that the chart shows investment scenarios using 18th Amendment and flexible funds. Commissioner's discussed the funding plan scenarios presented and provided input to the Department regarding changes to be made.

Secretary MacDonald reviewed both the format and content of the Capital Project spreadsheet with the Commission. Commissioners agreed with the proposed plan A and B, reviewed plan C and determined that the plan should also include indexing of the gas tax, which would lead to an investment level of \$7.5 billion. At the conclusion of the discussion the Commission requested that the Department also develop a spending level plan D. Commissioners approved the plans unanimously with show of hands. Secretary MacDonald indicated that the plans would be finalized and distributed to the Commission members.

PUBLIC AND LEGISLATOR COMMENT PERIOD

Peter Hurley, Executive Director, Transportation Choices Coalition, addressed the Commission regarding the proposed changes to hours of operation of HOV lanes. He stated that opening the HOV lanes to single occupancy vehicles harms the credibility of both the Department and the Commission in several ways. There is no benefit to opening the lanes and the majority of the public is opposed to opening HOV lanes. If the HOV lane hours of operation do change, he requested the Commission adopt an 8 p.m. opening time. This would resolve King County Metro's concern that buses and vanpools use the HOV lanes from 7 p.m. to 8 p.m. He also stated that citizens have chosen to use alternative transportation, and retaining the current HOV lane use would encourage the public to use it.

Robert Bordner, resident, Vashon Island, commented that he is a daily ferry commuter and feels that the proposed cuts to the route schedule would present hardships. The diminishing level of service will impact the local economy and the community's ability to sustain families, schools and businesses. He stated that the community should have been given more than 6 months notice of the route cuts order to be able to develop alternative means of transportation.

Dean Katz, Co-Chair, Save Our Ships and resident of Vashon Island, stated that the ferry route cut proposals would have devastating effects on the residents of Vashon Island. The proposed service cuts were not communicated with the communities that would be impacted. This is an example of why citizens are concerned about how the government operates. He stated that there should have been public hearings prior to proposing the cuts, and asked why no other options were discussed. He indicated that the ferry system needs to consult with its customers before it considers changes.

Bill Wright, Friday Harbor, San Juan Islands provided the Commission with a handout regarding the proposed fare increases. He stated that Washington State Ferries is losing about \$5 million per year as a result of the Bremerton to Seattle auto ferry users not paying fares according to tariff route equity (TRE) formula. The process used by the Commission to determine ferry fare increases is faulty and not in accordance with RCW 47.60.290. He believes the citizens of San Juan County do not have input into the process of determining fares. Mr. Wright stated the San Juan County Commission wants to implement its own ferry system.

Commissioner Davis commented that the ferry route cut proposal was not originally being considered, but as a result of Referendum 51 the ferry system is unable to support the current route schedule. The proposal was essential and needed to be presented to the Legislature.

Robert Miskomen, resident, Vashon Island, requested that the Commission open the process regarding the cuts to ferry services for public comment.

Kevin Shipely, Transportation Choices Coalition, commented regarding the proposed change to the HOV lane operation hours. He stated that public comment has proven that the public does not want HOV lanes open to general-purpose traffic.

Mary Ellis Burley, representing Kirkland City Council stated that the Council recently voted unanimously to request the Commission maintain the current HOV policy. Kirkland and its sister cities of Seattle, Auburn, Redmond and Bellevue all share concerns about the proposed change to the operation hours for HOV lanes. She stated that when I-405 is congested it impacts the city streets in Kirkland. As peak period congestion increases the HOV lane provides an advantage to carpools and transit.

Terence Marpert, representing the City Redmond stated that the City of Redmond does not believe that there would be any congestion relief advantage to opening HOV lanes during non-peak hours. HOV lanes operate as a system that is utilized by transit, and the need for consistency is critical in order to provide safety to the public. He also expressed concern about the loss of commute reduction funding.

Jamae Hoffman, Mobility Manager, City of Seattle, stated that the City of Seattle strongly opposes the opening of the HOV lanes to single occupancy vehicles.

Kim Becklund, representing Bellevue City Council stated that the City of Bellevue requests that the hours of operation for HOV lanes maintain the current policy.

Emily Allen, concerned citizen, urged the Commission not to open HOV lanes to single occupant vehicles during evening hours. She stated there is no benefit to opening the lanes to general-purpose traffic. Her major concern is erosion of the safety of the HOV system.

Lanny Cowley, Executive Director, Port of Kalama, provided an update regarding the Columbia River dredging project. Environmental and economic studies and the public hearing phase have been completed. The project is now waiting for Washington and Oregon to provide permits. It is expected that the Corp of Engineers will approve the project by March 2003. Mr. Cowley thanked the Commission for continuing to support the dredging project.

WASHINGTON STATE FERRIES TARIFF AND PRIORITY LOADING PROPOSALS

Ray Deardorf, Planning Director, Washington State Ferries, presented an overview of the Tariff Policy Committee's recommendations. The ferry system is in transition - adapting to a dramatically altered funding program. The Tariff Policy Committee has provided in-depth analysis and recommendations to the Commission on tariff changes since 1991. Since September of 2002, the Committee has evaluated a number of tariff related issues for potential implementation in the 2003-2004 time frame and has prepared a number of specific recommendations. The proposal presented to the Commission is a two-year general fare increase of 5 percent in May 2003, plus an additional 5 percent in May 2004. The proposal includes the phase-in of Tariff Route Equity (TRE) fares for the Anacortes to San Juan

routes. The proposal contains a reduction in passenger frequent user coupon book discount for all routes except the San Juan Islands, will allow the WSF chief executive officer discretion in setting promotional tolls, charter fares, group/volume sales, and special event fares. The San Juan Island fare structure for oversized vehicles from Anacortes will be modified to a based-on-distance calculation. There will be changes to the youth fare discount, international route surcharge, changes in definition of over-width vehicle, smaller alternative vehicle fares, an extension of the peak season, and an adjustment of seasonal fees for commercial reservations to the San Juan Islands. Commercial account users will have the flexibility to negotiate volume discounts. The Commission was asked to endorse the proposal as proposed to be presented for public comment.

Alice Tawresey, Chair, Tariff Policy Committee, provided a recap of the tariff presentation outlining the Washington State Ferries' financial outlook and operating funding challenges and the tariff proposal for May 2003.

Bob Distler, resident San Juan Islands presented an alternate proposal to the WSF tariff proposal. He proposed a standard, more gradual phasing in of the tariff route equity as it applies to oversize vehicular traffic between Anacortes and Friday Harbor. Mr. Distler's proposal would cap annual fare increases to 10 percent; which would be 5 percentage points more than the across-the-board increase.

Commissioner Davis suggested that Mr. Distler's recommendations be considered during public comment at the San Juan Island's WSF public comment session, and considered at the rules hearing in March. Commissioner Marr requested that Mr. Distler's proposal be included in the Commission's proposal. Commissioner Niva objected to including the alternative in the proposal, but agreed that it should be considered during public hearings.

It was moved by Commissioner Forner, and seconded by Commissioner Marr to amend the ferry tariff and priority loading proposal to include Mr. Distler's proposal. The amendment was approved with Commissioners Marr, Forner, Barnes and Kargianis voting yes; with Commissioners Davis, Niva and Maher voting no. It was moved by Commissioner Maher, and seconded by Commissioner Niva to approve the proposal as amended for public comment. The motion passed unanimously.

CENTRAL PUGET SOUND FREEWAY HOV LANE HOURS OF OPERATION EVALUATION

Charlie Howard, Director, Northwest Division Planning & Policy Office, briefed the Commission regarding the Department's recommendations for changing the HOV hours of operation on certain eastside freeways in King County. He reminded the Commission that as the result of a letter received from the House Transportation Committee the Commission explored policies on hours of operation for HOV lanes on Central Puget Sound freeways. The Department recommends that the Commission make two changes to Puget Sound HOV hours of operation policy. The first change would be to open HOV lanes to general-purpose traffic from 8 p.m. to 5 a.m. on I-405, SR 167,

I-90 east of I-405 and SR 520 east of I-405. The change would increase the use of the HOV lanes on these routes at night, more efficiently using the existing lane capacity. This change would provide some congestion relief early in the evening as the evening peak winds down. The Department recommends that the Commission provide the funding needed to implement the changes. The second change would involve mid-day usage on the same eastside freeways. The Department recommends that it pursue the implementation of high occupancy toll (HOT) lanes on I-405 and SR 167. HOT lanes would allow single occupant vehicles to use the HOV lane for a fee when there is available capacity. The Department recommends that a HOT lane strategy be developed and a specific HOT lane proposal be submitted to the Commission for action by December 2003. Mr. Howard pointed out that the change of policy would be a two-year demonstration project, and as part of these recommendations, the Commission should recommit to completion of the HOV lane system, continued monitoring of the system to ensure that the changes do not impact transit speed and reliability, and to future changes to HOV hours of operation needed to keep the lanes as a free flowing choice for travelers.

Secretary MacDonald distributed a proposed resolution for the Commission's consideration. The resolution reflected the Commission's authority to establish hours of operation for the HOV lanes on state highways, and outlined the changes to the HOV system hours of operation policy.

It was moved by Commissioner Barnes, and seconded by Commissioner Davis to approve resolution 643, changing the HOV system hours of operation.

It was moved by Commissioner Barnes, and seconded by Commissioner Niva to approve amending the hours of operation to 7 p.m. The motion passed unanimously. The Commission then voted on the original motion as amended. The motion passed unanimously.

Commissioner's discussed the HOV system hours of operation change, signage and funding. Commissioner Davis stated that the Commission's decision to move forward with the HOV system change is supported by the data. Commissioner Barnes commented that the Department should provide a quarterly report to the Commission regarding the status of the changes to the hours of the HOV system. Secretary MacDonald commented that this is a two-part action changing the hours of operation to the HOV system, and moving forward with the HOT lanes proposal. He stated that the Department must become more proactive with looking at efficiencies in the future.

AVIATION DIVISION QUARTERLY REPORT

John Sibold, Director, Aviation Division, provided an update of activities and changes to the Aviation Division's Airport Aide Program. In response to Departmental audit reports, a state patrol investigation and Joint Legislative Audit Review Committee (JLARC) study, the Aviation Division undertook a review of its Airport Aid Program. Stan Allison, Manager, Aviation Operations, stated that a diverse task force was created to develop a series of

recommendations that could provide clear policy directions and procedural guidance for effective administration of the Airport Aid Grant Program. The findings and recommendations of the task force were that the grant program should be flexible with categories used to differentiate among airports and/or type of projects for funding and that the categories be considered guidelines and not fixed. A periodic review of the grant program should be established. The purpose of the state aviation grant program should be to increase safety of the state's aviation system. Awarding grant funds would be based on safety priorities. The method used to determine allocation of grant funds should be 65 percent pavement, 20 percent for other safety, 15 percent for maintenance and operations. The Division will place a high priority on assisting airport sponsors with grant funds that meet the Federal Aviation Administration's (FAA) minimum safety standards. The Aviation Division has accepted a grant from the FAA to develop its own set of state airport procedures, state design standards and construction guidelines that will be used during the next grant award cycle. The next step for the Aviation Division is to work on the development of an Airport Aid Grant procedures manual that will be provided to airport sponsors in the spring of 2003.

APPROVAL OF MINUTES

It was moved by Commissioner Barnes, and seconded by Commissioner Maher, to approve the minutes of the December 18 & 19, 2002 Commission meetings. The motion was approved unanimously.

COMMISSIONER REPORTS

Commissioner Marr stated that he would be going to the State of Idaho, Department of Transportation to advocate for bi-state endorsement of a freight mobility project.

Commissioner Maher stated she is sponsoring a stakeholder meeting regarding state freight rail and economic development.

Commissioner Forner stated that she attended a Regional Transportation Planning and Metropolitan Planning Organization meeting in Chelan during which she gave a presentation on "Straight Talk". She will be attending a transportation roundtable March 26 & 27 in Wenatchee.

Commissioner Niva stated that she attended John Okamoto's departure reception.

It was moved by Commissioner Niva, and seconded by Commissioner Maher to adopt resolution 644 thanking John Okamoto for his service with the Department of Transportation. The motion was approved unanimously.

Commissioner Barnes stated that he attended John Okamoto's departure reception. He attended a memorial service for Maryann Mitchell. He commented about other projects and meetings in which he has been involved.

Commissioner Kargianis stated he is working with the Department on transit and population growth issues.

The Commission meeting adjourned at 11:45 a.m., on January 17, 2003.